

HOUSING PLAN

Introduction

The housing element is that portion of the Village Master Plan which addresses the housing needs, both present and future, of the community, and to a lesser extent, the region. The housing element has taken on special importance due to various court decisions and legislation involving the need to provide a realistic opportunity for affordable housing.

In 1975, the New Jersey Supreme Court handed down its first Mount Laurel decision. In that decision, the Court imposed an obligation on "developing municipalities," through their plans and development regulations, to provide an opportunity for the provision of a share of the regional housing need for families of low and moderate income, or "affordable housing" as it has become known. In 1983, the Court handed down a second decision, which has been referred to as Mount Laurel II. In that decision, the Court no longer limited the requirement to provide for affordable housing to developing municipalities, but related the obligation to the State Development Guide Plan, which delineated the State into various planning areas. Those areas designated as "growth areas" were required to provide a plan for the provision of affordable housing for the local community and a portion of the region's population.

In January, 1985, New Jersey adopted the Fair Housing Act. This act was the Legislature's response to the Supreme Court affordable housing decisions. The act established the Council on Affordable Housing (COAH), and assigned to COAH the responsibility for monitoring affordable housing activity throughout the State. Included among COAH's responsibilities are the establishment of housing regions, the determination of state and regional low and moderate income housing needs and the promulgation of guidelines and criteria for determination of municipal shares of the regional need for affordable housing. The act also strongly links municipal planning and zoning to the provision of affordable housing. Under the act, a municipal zoning ordinance is valid only if the municipality adopts a housing element as part of its master plan, and only if the zoning ordinance is substantially consistent with the housing element.

Subsequent to the adoption of the Fair Housing Act, COAH adopted procedural and substantive rules which set forth the requirements for municipalities under the Act. The rules determined the local and regional need for affordable housing units, and allocated a "fair share" of the regional need to each municipality in the region for the period of 1987 to 1993, subsequently known as the "first round."

The Village of Ridgewood received substantive certification of its first round housing element and fair share plan on May 16, 1990 and again on October 3, 1990. The Village's first round obligation was 526 units, including a new construction obligation of 497 units and a rehabilitation obligation of 29 units. Prior-cycle credits were granted for 137 newly constructed units, consisting of eight that were developed by the Bergen County Housing Authority and 129 age-restricted units constructed under the HUD Section 202 program. Twenty-four credits were also granted for units that had been rehabilitated consistent with COAH regulations in effect at

that time. The application of these credits resulted in a revised affordable housing obligation that consisted of a 360-unit new construction component and a four-unit rehabilitation component. After applying credits, a vacant land adjustment was granted by COAH, resulting in a realistic development potential of zero and a four-unit rehabilitation obligation.

In May 1994, COAH amended its substantive rules and established revised affordable housing requirements for municipalities for the period of 1987 to 1999, known as the “second round.”

The Village received substantive certification of its second round housing element and fair share plan on May 5, 2004. The Village’s second round obligation was 317 units, consisting of an 88-unit rehabilitation obligation and a 229-unit new construction obligation. COAH received a reduction of the rehabilitation obligation based upon a structural conditions survey that was conducted, resulting in a rehabilitation obligation of 21 units, which it proposed to address through participation in the Bergen County Home Improvement Program. Concerning the new construction obligation, the Village carried forward the 137 prior cycle credits from the first round, and received a vacant land adjustment for the remaining 92 units, again reducing the realistic development potential to zero. The Village’s plan included nine alternative living arrangements, as well as overlay zoning in the central business district, to address unmet need. Finally, the plan included a mandatory development fee ordinance, with the receipts to be dedicated to addressing affordable housing efforts.

In December 2004, COAH once again amended its rules, which adjusted the prior fair share obligations and promulgated a new methodology for determining a municipality’s future obligation to plan for affordable housing. These rules were challenged and in January 2007 the New Jersey Appellate Court overturned certain components of COAH’s rules and methodology. Subsequently, the rules were amended on several occasions, most recently on September 22, 2008 (effective October 20, 2008). Additional amendments are now pending and other amendments, not yet promulgated, are planned. The revised rules have also been challenged, and the court case is still pending as of this writing. Nonetheless, COAH has established a deadline for the filing of third round housing plans regardless of the ongoing appeal.

The new COAH methodology updates the first and second round obligations and determines the municipal obligation for the period of 2000 through 2018 (i.e., the “third round”) on the basis of development activity, or growth, in the municipality during the period from January 1, 2004 to December 31, 2018, as measured by certificates of occupancy issued. The rules require that municipalities provide a plan for one new affordable housing unit for every increase of 4 market-rate housing units and for every increase of 16 jobs, with jobs estimated using various ratios of employment to floor area for different uses. This housing element is intended to satisfy the plan requirement for addressing both the prior round obligations, revised rehabilitation obligations and the new “growth share” obligation.

Housing Plan Summary

Prior Rounds

This plan proposes to continue the adjustments, policies and programs that were outlined in the prior housing plan approved in 2004 to address the obligation for prior rounds. That plan carried forward the credits from the first round and received a vacant land adjustment for the remaining new construction obligation. Credits were granted for various group homes. The vacant land adjustment reduced the realistic development potential to zero. The plan included overlay zoning in the central business district to address unmet need. COAH also granted a reduction of the rehabilitation obligation based upon a structural conditions survey. The plan proposed to address the reduced rehabilitation obligation through participation in the Bergen County Home Improvement Program. Finally, the plan included a mandatory development fee ordinance, with the receipts to be dedicated to addressing affordable housing efforts.

Third Round

For the third round new construction component, the Village proposes a downward adjustment of COAH's projected growth share obligation, based upon an analysis of existing land capacity. The plan addresses the reduced obligation through inclusionary zoning and the construction of a supportive housing facility.

For the rehabilitation component, this plan again proposes a reduction in the number of units needing rehabilitation on the basis of a structural conditions survey, and again proposes to address the reduced obligation through continued participation in the Bergen County Home Improvement Program.

The plan also includes increased mandatory development fees for residential development, along with the 2.5% fee mandated by the Statewide Nonresidential Development Fee Act. The funds generated by these fees are to be used for affordable housing purposes as set forth in the spending plan to be approved by COAH.

Determination of Housing Need

General – Market Housing

In general, there is a fairly good match between Ridgewood's existing housing stock and its existing population in terms of housing type, size and quality, as demonstrated in the demographic and housing analysis in the appendices to this report. Trends in household size, however, indicate that new housing units need not be as large as previously, at least from a practical perspective. Market demand exists for larger homes, however, despite the smaller household sizes. The projected increase in the number of senior citizens suggests a continuing need for housing units suitable for persons in this age group. These units generally are smaller than average, are conveniently located near shopping areas and services, require less maintenance and are lower in cost. The ability to adapt to these needs is severely limited, however, by the shortage of developable land in the Village and other factors.

conditions. As many as 24 of the 43 units of actual growth to date may meet these criteria, and thus the growth share obligation could be reduced by as many as 5 units once the new rule is adopted.

Details of the adjusted growth share analysis may be found in Worksheet C, as well as on the existing development map and constraints map accompanying this report.

Rehabilitation Obligation

In addition to the new construction obligation, Appendix B of COAH's amended rules have estimated the Village's rehabilitation obligation to be 77 units. Pursuant to N.J.A.C. 5:97-6.2(a), however, the obligation may alternatively be determined through a structural conditions survey of the housing stock in the municipality, subject to review and final determination of the obligation by COAH. Such a survey was performed by the Village's Building Department for this report and will be submitted to COAH, who will then review the survey and determine the adjusted rehabilitation obligation.

Credits

Prior Round Obligation

This plan carries forward credits granted previously for the prior round obligation. These credits include the following:

1. 129 prior cycle credits for the 129 affordable rental units developed by the Bergen County Housing Authority at 7-11 Ridge Road, also known as the Ridgecrest Apartments.
2. 4 prior cycle credits for the 4 owner-occupied affordable units developed by the Bergen County Housing Authority at 46-50 Leonard Place, also known as the Woodside Gardens Condominiums.
3. 4 prior cycle credits for the 4 owner-occupied affordable units developed by the Bergen County Housing Authority at 308-316 South Broad Street, also known as the Broadwood Condominiums.

The Village also received credit against the unmet need from the prior rounds for two group homes. The present status of these homes is as follows:

4. 5 units of credit were granted for the group home at 296 Prospect Street, owned by West Bergen Mental Healthcare. This group home has been replaced with a private residence and is no longer owned by West Bergen Mental Healthcare.
5. 4 units of credit were granted for two two-bedroom group homes owned by West Bergen Mental Healthcare at 234 South Broad Street. Although these group homes currently exist, they are proposed to be demolished and replaced with a 10-unit supportive living facility owned and operated by West Bergen Mental Healthcare on the same site discussed below.

This plan proposes to replace the loss of these two group homes, and the 9 credits they provide against unmet need, with 9 credits from a 14-unit Class D boarding home owned and operated by Share, Inc. and located at 130 Prospect Street (Block 3901, Lot 1). This home was created in 1998 through a H.O.M.E. grant from HUD. The home has a 15-year deed restriction on affordability controls, and the home will revert to HUD if Share, Inc. no longer owns the property. Income limits and marketing procedures are in place pursuant to HUD regulations. The home is restricted to moderate-income persons at least 62 years of age. The balance of excess credits from this facility will be used to address the third round growth share obligation.

Growth Share Obligation

This plan proposes to use the 5 excess credits from the existing 14-unit Share, Inc. boarding home, discussed above, against its growth share obligation.

The Village may also be eligible for 5 rental bonus credits for the West Bergen Mental Healthcare supportive living facility proposed in this plan.

Rehabilitation Obligation

As part of its prior round housing plans, the Village received credits for units rehabilitated through the Bergen County Home Improvement Program. The Village has continued to participate in the County program since the prior round. Two additional units have been rehabilitated since that time, for which the Village is entitled to credit.

Mechanisms to Address the Remaining Affordable Housing Obligation

Prior Round Obligation

The Village's third round plan continues the compliance mechanisms from the prior rounds, including the vacant land adjustment, overlay zoning and mandatory development fees.

In order to encourage construction of affordable housing, a zoning overlay of the central business district was adopted on May 12, 2004 by Ordinance No. 2891. The overlay grants a limited floor area ratio bonus and limited exemption from the height requirements that would otherwise apply in the central business district. The area affected by this proposal is indicated on the Affordable Housing Plan map, and is coterminous with the area of B-1 and B-2 zones in the central business district.

Currently, the B-1 and B-2 zones are devoted primarily to retail sales and service businesses. Apartments are permitted and exist on the upper floors of these commercial buildings. In the B-1 zone, a maximum floor area ratio of 50% of the lot area currently applies. In the B-2 zone, the maximum floor area ratio is 45%. In both zones, a maximum height of 45 feet applies. The overlay permits a maximum floor area ratio of 65% in the B-1 zone, and 60% in the B-2 zone, and a maximum height of 50 feet in both zones, for those developments providing affordable apartments in the central business district. In order to be eligible for these floor area ratio and height bonuses, a developer is required to provide at least one affordable unit, and at least 20%

of the total apartments would be required to be affordable. In addition, a maximum density of 12 dwelling units per acre of lot area applies, and the total residential floor area is not be allowed to exceed more than two-thirds of the total building floor area, excluding basement area.

There has been no development of affordable housing in the overlay zone since its adoption. This is due, in part, to market factors and the fact that the ordinance has been in effect only four years. Similarly, there has been no development of market rate housing and only minimal commercial development in the overlay zone during the same period. One obstacle to increased development in the central business district is the shortage of parking. The Village has recently taken steps to address this shortage through the adoption of the North Walnut Street Redevelopment Plan in 2007, which proposes the construction of a parking structure along with limited commercial development at the corner of Walnut Street and Franklin Avenue. Proposals from several redevelopers are currently being considered for this area.

The Village has imposed a mandatory development fee in accordance with its prior round housing plan. The funds from this fee are placed in an affordable housing trust fund account, with the fund dedicated to affordable housing purposes.

Growth Share Obligation

The Village proposes to address the adjusted growth share obligation of 20 units through several means. These mechanisms are expected to produce from 26 to 28 affordable housing units, which with the 5 credits against the growth share discussed above, result in a total of 31 to 33 affordable units. The compliance mechanisms for creating additional affordable units include the following:

Supportive living arrangement. This plan includes the construction of a 10-unit supportive living arrangement at 234 South Broad Street by West Bergen Mental Healthcare (Block 3905, Lot 11). This facility is proposed as a community residence containing eleven apartments, including one apartment for supervisory staff. As noted above, the proposed facility would replace four units in two group homes presently existing on the same property. The proposed facility would be served by the same sewer and water service that serves the present facility. Although the use is currently permitted in the R-3 zone where it is proposed, it does not currently meet certain other requirements. In order to encourage and promote the establishment of this facility, this plan proposes an amendment to the zoning regulations to accommodate the facility. The outline of the proposed zoning amendments follows:

1. Maximum building height. 33 feet (increase from 30 feet).
2. Minimum side yard. 7 feet (reduction from 10 feet).
3. Maximum coverage by above grade structures within 140 feet of front lot line. 33% (increase from 25%).
4. Maximum improvement coverage. 70% (increase from 40%, or 8,750 sq. ft., whichever is less).

5. Maximum improvement coverage within 140 feet of front lot line. 70% (increase from 45%).
6. Maximum gross building area. 45% of the lot area (increase from 24% of the lot area, or 5,000 sq. ft., whichever is less).
7. Maximum gross building area within 140 feet of front lot line. 85% (increase from 24% of the lot area within 140 feet of the front lot line).
8. Garage parking. Not required (reduction from one required space).
9. Architectural design.
 - a. Maintain streetscape appearance by designing building wall facing the street similar to typical front of building in single-family residential zones.
 - b. Reduce apparent mass of building by orienting building so that wall with narrower dimension faces the street, by incorporating projections and recesses, windows and doors, by varying building facade materials and through creative landscape design around the building.
 - c. Maintain residential appearance through incorporation of sloped roofs.

Inclusionary zoning. Overlay zoning for certain properties at 100-200 South Broad Street (Block 3707, Lot 5.01 and Block 3905, Lots 1.01, 4, 5 and 6), consisting of approximately 3.4 acres. Most of the property is currently developed with an automotive dealership and the balance is vacant, but the dealership is expected to relocate elsewhere in the near future. Interest in redeveloping the properties for multifamily housing has recently been expressed by various developers. The zoning overlay will allow continuation of the dealership until redevelopment occurs, but any redevelopment of the site will be required to provide affordable housing.

The proposed site has been chosen because of its location near the central business district and mass transit (passenger rail and bus) facilities, as well as the interest recently expressed by several developers for housing at the site. The proximity to the CBD will allow the density to more easily be accommodated, provide convenient shopping for site residents as well as a boost to the CBD retail market. The proximity to the mass transit facilities will reduce traffic from the site during peak commuting hours. All of the foregoing is consistent with transit-oriented development studies that are ongoing with the Planning Board.

The area of the overlay zone is currently serviced by public sewer and water with adequate capacity for the proposed development. It is anticipated that this development will produce from 80 to 88 total housing units, including 19 to 20 affordable units. The varying densities and affordable units reflect incentives for the provision of affordable rental housing. Also permitted in addition to the housing units will be up to 30,000 square feet of commercial use on the ground floor. In order to provide a better land use transition between the central business district and

residential areas to the south, the portion of the site south of Leroy Place (located across South Broad Street), will be limited to residential use only, with greater yard depths than required north of Leroy Place. The development standards for the overlay district are summarized below:

A. Permitted uses.

1. North of an imaginary extension of the southerly side line of Leroy Place: Commercial uses as permitted in the B-2 zone district, but excluding shops for tradesmen, furniture movers, printing establishments, motor vehicle service stations and public garages, schools, houses of worship, public utility buildings and structures, fast food restaurants and drive-in banks. Multi-family residential uses permitted on all floors other than basement floors.
2. South of an imaginary extension of the southerly side line of Leroy Place: Multi-family residential uses and uses accessory thereto.
3. Existing uses on the site permitted to continue until redevelopment occurs.

B. Development standards. Existing development shall be subject to the B-2 zone regulations. Redevelopment shall be subject to the following:

1. Minimum tract area. All of the privately owned land area of the overlay district, consisting of approximately 3.4 acres.
2. Maximum density. If affordable units are for sale, 23.2 units per acre, but not to exceed 80 units. If affordable units are for rent, 25.5 units per acre, but not to exceed 88 dwelling units.
3. Maximum floor area. Nonresidential: 30,000 square feet. Residential: no limit.
4. Maximum building height. 50 feet, provided that not more than three stories shall be permitted south of an imaginary extension of the southerly side line of Leroy Place:
5. Minimum yard depths.
 - a. North of an imaginary extension of the southerly side line of Leroy Place: none.
 - b. South of an imaginary extension of the southerly side line of Leroy Place:

Front yard: 30 feet.

Side or rear yard abutting nonresidential zone: none.

Side or rear yard abutting residential zone: 25 feet or half the building height, whichever is less.

6. Maximum improvement coverage.
 - a. North of an imaginary extension of the southerly side line of Leroy Place: 95% of the lot area.
 - b. South of an imaginary extension of the southerly side line of Leroy Place: 75% of the lot area.
7. Parking requirements.
 - a. Number of parking spaces. Nonresidential as required for B-2 zone. Residential as required by N.J. Residential Site Improvement Standards.
 - b. Parking location. Parking permitted in side or rear yards only. Parking shall be screened from view of residential zones.
 - c. On-street parking. If South Broad Street is widened to provide public parking in front of the subject property, such widening shall not reduce the permitted development yield; the density calculation shall be made as if the widening did not occur.

C. Affordable housing requirements.

1. Minimum number of affordable units. If affordable units are for sale, at least 20 affordable units (25% of the maximum permitted number of dwelling units) shall be provided. If affordable units are for rent, at least 19 affordable units (21.5% of the maximum permitted number of dwelling units) shall be provided. All affordable units shall be provided on site.
2. Occupancy. All affordable units shall not be age-restricted.
3. Sales prices and/or rents.

At least 50 percent of the affordable units in any development shall be affordable to low-income households. An odd number shall be split in favor of the low income unit.

At least 13% of the affordable units in any development shall be affordable to very low income households.

4. Affordable housing units shall be built in accordance with the following schedule:

<u>Percentage of Market-rate Units Completed</u>	<u>Minimum Percentage of Low- and Moderate-Income Units Completed</u>
25	0
25 + 1 unit	10
50	50
75	75
90	100

4. To the extent feasible, development shall fully integrate the low- and moderate-income units with the market units.
5. Affordable units shall utilize the same heating source as market-rate units within the inclusionary development and have access to all community amenities available to market-rate units and subsidized in whole by association fees.
6. The first floor of all townhouse dwelling units and all other multistory dwelling units shall comply with N.J.A.C. 5:97-3.14.
7. All affordable units shall comply with N.J.A.C. 5:97-9 and the Uniform Housing Affordability Controls in N.J.A.C. 5:80-26.

Rental Housing

COAH's rules at N.J.A.C. 5:97-3.11 require that at least 25 percent of the growth share obligation be rental units. In addition, pursuant to N.J.A.C. 5:97-3.4, at least 50 percent of the rental housing requirement for the projected growth share requirement must be met with family housing. Incentives are provided within the overlay for the production of family rental housing, which meets both of these requirements.

Family Housing

COAH's rules at N.J.A.C. 5:97-3.9 require that at least 50 percent of the units within the municipality addressing the growth share obligation must be family units. The inclusionary zone provided in this plan provides for 100% family units, which exceeds the 50 percent required.

Very Low Income Housing

The Fair Housing Act requires that at least 13 percent of the affordable units be reserved for occupancy very low income households (i.e., households earning not more than 30% of median income for the housing region). Apart from any very low income units provided in the supportive living arrangement discussed above, the proposed overlay zone district which is a part of this plan requires that at least 13 percent of the affordable units be affordable to very low income households. In addition, the proposed spending plan discussed below provides funding to encourage the provision of very low income housing.

Rehabilitation Obligation

This plan again proposes a reduction in the rehabilitation obligation on the basis of a structural conditions survey, and again proposes to address the reduced obligation through continued participation in the Bergen County Home Improvement Program.

Mandatory Development Fees – Spending Plan

The housing plan includes mandatory development fees for residential development. Although a fee ordinance currently exists, this plan proposes the adoption of an amended development fee ordinance in order to: 1) increase in the fee percentage for residential development from 0.5% to 1%, except developments receiving “d” variance approval for increased density, which are subject to a fee of 6% of the increase in equalized assessed value; 2) to bring the fee ordinance into compliance with the Statewide Nonresidential Development Fee Act, 3) make other amendments consistent with COAH’s model development fee spending ordinance. Fees collected under the ordinance will be used to be used for affordable housing purposes as set forth in a spending plan to be approved by COAH. The proposed amendment is included as an appendix to this report.

The spending plan for the revenues from the mandatory development fees and other sources is to be submitted to COAH for approval. The spending plan is summarized below:

Since December 31, 2002, the Village has collected a total of \$336,000 from fees and other payments, including interest earned, for the affordable housing trust fund. This amounts to approximately \$56,000 per year. A projection of revenues and interest of \$50,000 in 2008 and of \$60,000 per year for the remaining nine years through 2018 is reasonable, given the proposed fee increase and the recent Statewide Nonresidential Development Fee, but also considering a slowdown in development activity due to market conditions and fewer opportunities for development in the future, given the shortage of land. This would equal \$590,000 more collected, which when added to funds already in the account, would equal \$900,000 that would be in the fund by the end of 2018. This plan proposes to spend these funds as follows:

- The funds projected in 2017 and 2018 (\$120,000) will be reserved for preparation of a fourth round housing element and fair share plan and for use in funding affordable housing activities during the fourth round.
- Up to 20% of the remaining projected funds (\$156,000) will be spent on administrative expenses.

This will include, but not be limited to salaries and benefits for Village employees or consultant fees necessary to develop or implement an affordable housing program, housing element and fair share plan, and/or an affirmative marketing program, income qualification of households, monitoring the turnover of sale and rental units, preserving existing affordable housing, and compliance with Council monitoring requirements.

- At least 30% of the projected funds (\$234,000) will be spent for affordability assistance.

This will include down payment assistance, security deposit assistance, low interest loans, rental assistance, assistance with homeowners association or condominium fees and special assessments, and assistance with emergency repairs.

At least one third of the affordability assistance portion will be dedicated to affordability assistance for very low income households, including the offering of a subsidy to developers of inclusionary developments or buying down the cost of low- or moderate-income units in the South Broad Street overlay district to make certain of these units affordable to very low income households.

- At least 50% of the projected funds (\$390,000) for the creation of affordable housing units.

This will include, but not be limited to:

1. A rehabilitation program.
2. New construction of affordable housing units and related development costs for the South Broad Street overlay district and, if necessary, the supportive living apartments described in this plan. In the case of the overlay district, eligible costs will be pro-rated based on the proportion of affordable housing units included in the development.
3. Extensions or improvements of roads and infrastructure directly serving affordable housing development sites; in the case of the overlay district, costs shall be pro-rated based on the proportion of affordable housing units included in the development.
4. Green building strategies designed to be cost-saving for low- and moderate income households, either for new construction that is not funded by other sources, or as part of necessary maintenance or repair of existing units, in accordance with accepted national or state standards or such guidance as may be provided by DCA or the New Jersey Housing and Mortgage Finance Agency.
5. Maintenance and repair of affordable housing units.

All of these programs will be established within six months of receiving substantive certification of the housing element and fair share plan from COAH. The actual amount that will be made available for these purposes at any point in time, however, will be in accordance with projected revenues, in accordance with COAH requirements. All funds collected will be spent within four years of receipt.

In order to ensure adequate oversight over the affordable housing trust fund expenditures, all expenditures from the fund will be reviewed for consistency with funding eligibility criteria by a committee of the Municipal Housing Liaison, Village Planner and Village Manager. Upon approval of the funding request, a purchase order will be submitted to the Finance Department.